

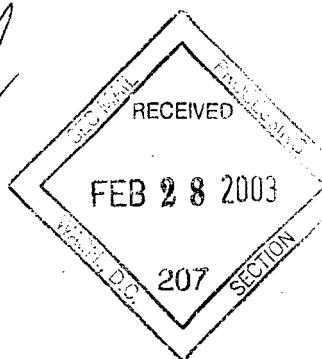


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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III****FACING PAGE  
Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**REPORT FOR THE PERIOD BEGINNING 8/12/02 AND ENDING 12/31/02  
MM/DD/YY MM/DD/YY**A. REGISTRANT IDENTIFICATION**NAME OF BROKER-DEALER: CIM SECURITIES, LLC

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

5299 DTC Boulevard, Suite 1150

(No. and Street)

Greenwood VillageCO80111

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Greg Drose(303) 488-2200

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Rothstein, Kass & Company, LLP

(Name - If individual, state last, first, middle name)

500 Ygnacio Valley Road, Suite 200Walnut CreekCA94596

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (06-02)

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**PROCESSED****MAR 18 2003****THOMSON  
FINANCIAL**

## OATH OR AFFIRMATION

I, Greg Drose, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CIM SECURITIES, LLC, as of February 21, 2003 are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

NOT APPLICABLE

Greg Drose  
Signature

President  
Title

Lucinda Kicity  
Notary Public

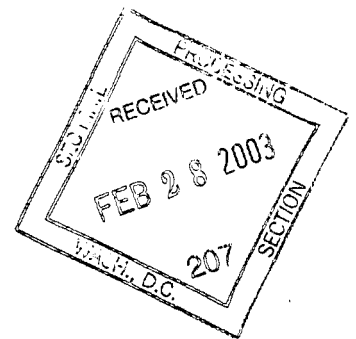
My commission expires on August 30, 2006

This report\*\* contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Cash Flows
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent auditor's report on internal accounting control.
- ☐ (p) Schedule of segregation requirements and funds in segregation—customers' regulated commodity futures account pursuant to Rule 171-5.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**CIM SECURITIES, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**  
**FOR THE PERIOD AUGUST 12, 2002**  
**(COMMENCEMENT OF OPERATIONS)**  
**THROUGH DECEMBER 31, 2002**



# **CIM SECURITIES, LLC**

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**Rothstein, Kass & Company, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Members of CIM Securities, LLC

We have audited the accompanying statement of financial condition of CIM Securities, LLC (the "Company") as of December 31, 2002. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by the Managing Member, as well as evaluating the overall financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of CIM Securities, LLC as of December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

*Rothstein, Kass & Company, L.L.P.*

Walnut Creek, California  
February 19, 2003

# **CIM SECURITIES, LLC**

## **STATEMENT OF FINANCIAL CONDITION**

**December 31, 2002**

### **ASSETS**

Cash and cash equivalents	\$ 144,906
Receivables from clearing broker, including clearing deposits of \$25,000	141,491
Other assets	<u>2,101</u>
	<u>\$ 288,498</u>

### **LIABILITIES AND MEMBERS' EQUITY**

#### **Liabilities**

Due to affiliates	\$ 43,842
Payable to clearing broker	4,988
Accrued expenses	<u>1,375</u>
Total liabilities	50,205

#### **Members' equity**

238,293

\$ 288,498

# **CIM SECURITIES, LLC**

## **NOTES TO FINANCIAL STATEMENTS**

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### **1. Nature of business**

CIM Securities, LLC (the "Company"), a Colorado Limited Liability Company, was formed on April 1, 2002 and commenced operation on August 12, 2002 for the purpose of operating as an introducing broker-dealer. The Company registered with the Securities and Exchange Commission (SEC) and is also a member of the National Association of Securities Dealers, Inc. (NASD). Choice Investment Management, LLC (the "Managing Member") is the managing member of CIM Securities, LLC.

### **2. Summary of significant accounting policies**

#### *Cash and Cash Equivalents*

The Company considers money market accounts to be cash equivalents.

#### *Receivable From/Payable to Clearing Broker*

The Company clears its proprietary transactions through another broker-dealer on a fully disclosed basis. The amount receivable from or payable to the clearing broker relates to the aforementioned transactions.

#### *Revenue and Expense Recognition from Securities Transactions*

Securities transactions and the related revenues and expenses are recorded on the trade-date basis.

#### *Income Taxes*

The Company does not record a provision for income taxes because the individual members report their share of the Company's income or loss on their income tax returns. The financial statements reflect the Company's transactions without adjustment, if any, required for income tax purposes.

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts disclosed in the financial statements. Actual results could differ from those estimates.

### **3. Off-balance sheet risk**

Pursuant to clearance agreements, the Company introduces all of its securities transactions to a clearing broker on a fully-disclosed basis. All of the customers' money balances and long and short security positions are carried on the books of the clearing brokers. In accordance with the clearance agreements, the Company has agreed to indemnify the clearing brokers for losses, if any, which the clearing brokers may sustain from carrying securities transactions introduced by the Company. In accordance with industry practice and regulatory requirements, the Company and the clearing brokers monitor collateral on the customers' accounts.

In addition, the receivables from the clearing brokers are pursuant to these clearance agreements.

# **CIM SECURITIES, LLC**

## **NOTES TO FINANCIAL STATEMENTS**

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### **4. Due to affiliates**

Amounts due to affiliates represent commission refunds due to the Company's affiliated customers.

### **5. Concentrations of credit risk**

In the normal course of business, the Company's customer activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

The Company maintains its cash balances in various financial institutions. These balances are insured by the Federal Deposit Insurance Corporation up to \$100,000 per institution.

### **6. Net capital requirement**

The Company is subject to the SEC Uniform Net Capital Rule 15c3-1. This Rule requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 8 to 1. At December 31, 2002, the Company's net capital was approximately \$238,000, which was approximately \$232,000 in excess of its minimum requirement of approximately \$6,000.

### **7. Exemption from Rule 15c3-3**

The Company is exempt from the SEC Rule 15c3-3 under subparagraph (k)(2)(ii) and, therefore, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers".